

Property Taxes Must Be Lowered

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Montgomery County homeowners are getting clobbered by rising property tax bills because of skyrocketing assessments and the state's decision last year to raise the state property tax rate by 60 percent.

Each year, one-third of county homes are reassessed by the state. Last year, assessments increased by an average of 55 percent, exceeding the increase of 47 percent in 2002. Since housing prices are still on the rise, assessments in 2004 will likely increase by at least as much as in 2003.

Although state law places a cap of 10 percent on what a homeowner's property bill can increase from one year to the next, there is no limit on the total amount of increase over a period of years.

As a result, most Montgomery County homeowners will see an increase of 10 percent annually for years to come. Many homeowners will see their property tax bills double in seven years -- unless the County Council reduces the property tax rate.

In 1990, county voters approved an initiative known as the charter limit that requires the council to keep the increase in annual property tax revenues tied to the rate of inflation unless seven of nine council members vote to exceed that limit.

For 10 years, the council adhered to the charter limit. During the past two years, however, the council voted to exceed the charter limit to balance budgets during a difficult fiscal period.

Although it may not be possible for the council to keep to the charter limit this year, it at least needs to provide some property tax relief to all homeowners. If the council is unresponsive to needed property tax relief, voters will likely respond by approving initiatives that completely restrict the council's ability to adjust to changing fiscal circumstances. This would be unwise, but it would be understandable.

On April 20, I introduced a resolution to reduce the property tax rate in fiscal year 2005 by 2 percent and offset the \$21.6 million in lost revenues by increasing the energy tax. This would reduce by \$60 the property tax bill of an owner of a home assessed at \$300,000 (about the county average) and would cost the typical homeowner only about \$19 annually in additional energy tax.

This measure would provide tax reform as well as tax relief. The energy tax applies to a broader group of organizations than the property tax, including, for example, the federal government. As a result, the residential sector provides only about 30 percent of energy tax revenues but more than 60 percent of property tax revenues.

Unlike the property tax, people can affect how much energy tax they pay by conserving energy. For those individuals who have difficulty paying their energy bills, the county supplements the Maryland Energy Assistance program, which provides funding to help those in need.

A vote by the council on this proposal is scheduled for Wednesday.

The outcome of the vote to reduce the property tax rate will demonstrate whether the County Council is in touch or out of touch with those we represent. If we aren't willing to reduce property taxes a little now, then we can't be surprised if voters decide to take the matter into their own hands come November.

Phil Andrews

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